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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

AAA

Farm Solidarity

Adapted in the Division of Information from an address by Henry A. Wallace, Secretary of Agriculture, before a meeting of farmers called by the Kentucky Farm Conference Committee at Louisville, Ky., October 2, 1937

SIX PRINCIPLES of an agricultural program to which Secretary Wallace believes almost all farmers can give allegiance:

First, that agriculture has a right to a fair share of the national income.

Second, that consumer as well as farmer interests should be safeguarded through an ever-normal granary.

Third, that conservation of the soil is vitally important to the Nation.

Fourth, that farmers ought to be assured of security of tenure of the farms they occupy.

Fifth, that the farmers' cooperative movement ought to be encouraged.

Sixth, that provisions favoring the family sized farm ought to be included in any national farm program.

What "Farm Solidarity" Means

FARMERS have demonstrated time and again that they know what "farm solidarity" means. In impressive numbers many of them have joined general farm organizations and cooperative marketing associations. And in equally impressive numbers they have taken part in the Triple A farm programs of the last 4 years.

Farmers know also from sad experience what the lack of farm solidarity means. They remember how hopeless it is to struggle single-handedly to obtain fair prices for the products of their labor. They know what hardship this has often meant to them and their families. Back-breaking work in the fields for hours on end and for day after day, and then, after they have conquered the insect pests and the weather has smiled and they have harvested a good crop—then the crushing disappointment of getting so few dollars for what they have to sell.

Farm movements fostered by economic distress.—For several generations farmers have felt the need for solidarity. In every period of acute economic distress they have tried to join together for common action of some kind.

The price collapse following the Civil War brought the forming of the Grange and the movement for regulation of the railroads. The price decline and collapse of the 1880's and 1890's brought the spread of the Farmers' Alliance and were reflected later on in the growth of the Farmers' Union. The price collapse following the World War brought the forming of the American Farm Bureau Federation and a rapid spread of the cooperative marketing movement. The price

collapse of the early 30's caused all the major farm organizations to unite in asking Congress to establish the Triple A.

Each successive wave has carried the farmers nearer toward the effective solidarity they have sought. The community activities of various kinds sponsored by the county agents, the marketing and buying operations of the cooperatives, the McNary-Haugen movement, and the attempts to achieve collective action under the Federal Farm Board all led straight toward the passage of the Agricultural Adjustment Act in 1933.

In a geographical way too the farmers have come to realize their mutuality of interest and have learned to act together. The need for common action by farmers of the various regions became especially apparent during the early nineteen-twenties. The cooperative marketing movement had made great strides and for thousands of farmers was putting the task of grading, packing, and marketing their products on a much more businesslike basis. But it had fallen short of achieving the economic equality which farmers felt was their due. Many farmers began to realize that another type of common action was needed. Since self-help through cooperative organization was not and could not be a complete answer to the farmers' economic problem, they saw that farmers would have to act together to obtain for the farm cooperative movement the aid of the unifying element of government.

West and South unite.—This realization came first in the wheat-growing region of the Northwest and led the wheat farmers to support the McNary-Haugen bill, which provided for the establishment of an export corporation to handle wheat and other basic commodities. Meantime "fair exchange value" had been proposed as a platform on which agriculture could fight for equality. The export plan and the fair exchange value platform were embraced by a group of farmers and farm leaders from both the wheat and corn belts who met at St. Paul, Minn., in July 1924, and formed the American Council of Agriculture.

It was at this meeting at St. Paul that the idea of an alliance between the farmers of the West and of the South first began to take tangible form. At first this cooperation was difficult, because the farmers of the South and the farmers of the North and West were in the habit of voting opposite political tickets. Probably that is one of the main reasons why, for 60 years after the Civil War, agriculture remained split.

But when the farmers of the South and the farmers of the West came into contact with each other, they found that they had much in common. The barriers that had separated them for so long were not genuine barriers at all. They were only imaginary barriers, and they were due to bogeys that had been used to scare them by political and business interests with axes to grind.

Farm regions have common interests.—One reason the farmers of the West and the South could act in common was that in both regions their principal cash commodities were sold on the export market. Both regions had been hit especially hard when this country, after changing from a debtor to a creditor nation at the time of the World War, failed to adjust its tariff policies to allow for the new situation. As a matter of fact, the farmers of both the South and the West had been victimized by the tariff for a long time. The farmers of the South had known this all along, but most of the farmers of

the West, who had been under the spell of the "full dinner pail" tariff argument, did not find this out until they felt the full weight of the depression that followed the World War.

Another thing brought the farmers of the South and the West together. That was the realization that if one region got into trouble, sooner or later the trouble was certain to spread to the other. The reason for this is that land in each region can easily be shifted out of one commodity into some other commodity. Low prices for one commodity bring pressure on farmers to shift into others, and after while their prices tumble, too. In the farm depression of the twenties, wheat, corn, cotton, and tobacco were all in trouble one after another. The producers of these commodities came to realize that their fortunes were inevitably linked together. No one of these great branches of agriculture could be prosperous for long unless the others were prosperous, too. And they were all affected by the condition of the export market for American farm products.

These were the fundamental economic truths which farmers of both the South and the West came more and more to understand. That is why the farmers of both regions gave their support to the McNary-Haugen bill. That is why the bill was given powerful support in Congress and actually passed both Houses in 1927 and 1928, only to meet with a Presidential veto.

In the beginning of the McNary-Haugen movement, the dairy farmers showed little interest in it. They did not realize that they, too, were affected by the prices of wheat and corn and cotton and tobacco. They did not realize that farmers who go broke producing these other commodities are certain to turn to milking cows. They did not realize that even though all of their own products may be actually sold on the domestic market, their fortunes are inevitably linked with those of the farmers who produce for export and that, for all practical purposes, they themselves are selling on the export market.

Dairy and livestock groups join others.—So, little by little, the dairy groups began to work together with the other groups, and when the McNary-Haugen bill passed for the second time in 1928 some of the dairy farmers helped to pass it.

The second veto of the McNary-Haugen bill sounded the death knell of this particular measure. The farmers then were offered the Agricultural Marketing Act and the Federal Farm Board as "something just as good" as the McNary-Haugen bill.

In 1933 came the Agricultural Adjustment Act, which, through its production adjustment and marketing agreement programs, further cemented the unification of American agriculture. Even this act did not give the beef cattle producers of the western range country and the dairy and fruit and vegetable farmers of the Northeast the type of program which really fitted their needs. It was not until the Soil Conservation and Domestic Allotment Act was passed in 1936 that farmers of these regions were brought into an equal place in the national farm program.

Furthermore, the agricultural conservation program has proved to be more effective from the standpoint of bringing in a larger percentage of the tenant farmers and farmers who operate largely on a self-sufficing basis rather than on a commercial basis.

One might have thought that with such a large measure of unity achieved the job was all done. But somehow it is easier for people to act together in time of adversity than it is in a time when condi-

tions have improved. It is in such a time as now, when things are far better than they were, that the various farm groups may be tempted to pull apart.

And I hope that farmers will not make the mistake of thinking that their bonds of mutual interest extend only to their fellow farmers. Those bonds extend out to all their fellow citizens in whatever walk of life. We must not lose sight of this, because when any group or class attains to solidarity, it needs to be thinking always of the general welfare. If it forgets the general welfare, it will not be long in reaching out for too much. And when it reaches out for too much, the other groups retaliate. Soon its solidarity is gone, and it may lose most of what it has gained.

All-weather farm program proposed.—Fortunately the leaders representing organized agriculture have not forgotten the general welfare. They showed their breadth of view last February 9 when they met in Washington to state the principles that in their view ought to underlie a permanent farm program. They came together to plan a program which would serve agriculture and the Nation over the years—an all-weather program suitable for time of surplus and for time of drought, a program that would be intended, as President Roosevelt has said, “to level the peaks of oversupply into the valleys of shortage and disaster.”

The 50 or 60 farm leaders who came together on February 9 recognized that any permanent national farm program must be a program of balanced abundance and security for both farmer and consumer. On that day the presidents of the American Farm Bureau Federation, the National Grange, the Farmers' Union, and the Farmers' Holiday Association, and the secretary of the National Cooperative Council signed their names to a statement of principles that, along with other recommendations, cover these points:

First, that agriculture has a right to a fair share of the national income.

Second, that consumer as well as farmer interests should be safeguarded through an ever-normal granary.

Third, that conservation of the soil is vitally important to the Nation.

Fourth, that farmers ought to be assured of security of tenure of the farms they occupy.

Fifth, that the farmers' cooperative movement ought to be encouraged.

Sixth, that provisions favoring the family sized farm ought to be included in any national farm program.

I believe that farmers want a platform of farm solidarity which is economically sound, to which 95 percent of the farmers, from the humblest farm worker to the wealthiest landlord, can give allegiance, and which cannot be justly criticized by fair-minded laboring men, consumers, or businessmen. I believe that the six principles I have given, which were among the recommendations of the farm leaders last February 9, will serve as the framework for such a platform. These principles are in keeping not only with agricultural welfare but with the general welfare, too.

The time to repair a leaky roof.—President Roosevelt showed that he too was in sympathy with the farmers' efforts when he wrote to the chairmen of the agricultural committees of the House and Senate urging that early consideration be given to long-time farm legislation.

Pointing out that conditions at that time were relatively favorable, but that existing laws were not fully adequate to serve agriculture's needs, the President said:

"It is my philosophy that the time to repair a leaky roof is when the sun is shining."

Because last spring emergencies appeared to be far away, there was no particular rush to enact any new legislation. Then in July it became apparent that corn and cotton prices were going down. By that time the session of Congress was nearing its end, and there was not time to enact a new and comprehensive law. But Congress before adjourning declared its intention to meet the needs of agriculture by making permanent farm legislation the first order of business when it reconvenes. This declaration was contained in a joint resolution passed by both Houses of Congress and approved by the President.

The resolution contained a set of fundamental principles upon which it was said to be the sense of Congress the permanent farm legislation should be based. Among these were most of the fundamental points included in the platform adopted by the farmers' conference last winter.

Commodity differences must be recognized.—These, then, are the broad outlines of the new farm legislation which is now being developed by committees of Congress, in consultation with representative farmers throughout the country. And I think we all recognize that any national farm program that is developed will have to take into account the characteristics peculiar to the various agricultural commodities.

One thing to consider is whether consumption of the various commodities is expanding or declining. Two commodities, the consumption of which is gradually expanding, are burley tobacco and dairy products. Partly because of the increased use of cigarettes, the prices of burley tobacco last season were at a high level. But other types of tobacco have had a declining demand, because of developments in foreign countries and changes in consumer demand in this country.

World consumption of our cotton and corn has been reduced—cotton because of the increased production in foreign countries, and corn because of decreased export demand and the increased use of motor vehicles and equipment. Although horses consuming corn and grain were widely replaced 15 years ago by automobiles and trucks and tractors, a number of years of bad corn weather have concealed the full effect of this change from farmers. The development of more efficient methods in feeding corn to livestock has been another factor in reducing the demand for corn as livestock feed. In the decade of the twenties, the export demand for pork and lard artificially sustained by foreign loans largely took the place of the demand for corn to feed horses at home. And in this decade of the thirties the series of drought years has drastically reduced production and thus sustained the price. Thus 15 years have gone by, and our corn producers still have not had brought home to them the full significance of the change in demand for their product. And so I am afraid our Corn Belt farmers do not fully realize as yet that after a few years of normal weather they will probably have an adjustment problem about as great as that of the cotton farmers now.

Export or domestic basis important.—Variations in provisions for the various farm commodities will have to take into consideration also whether they are sold on an export or a domestic basis. Corn, beef cattle, dairy products, and burley tobacco are usually on

a domestic basis, but farmers producing other commodities, including cotton and dark tobacco, can maintain a higher standard of living by continuing to produce for export than they could if they retired to a domestic basis too. Because of these differences the particular device that is best adapted for the use of the commodities in one of these groups may differ somewhat from that for commodities in the other group. And yet a program can be devised for all of them that will be in harmony with the principles laid down by the farm leaders and by Congress.

Fair share of income desired.—I believe, and probably no fair-minded person in labor or business would disagree, that farmers should get the same share in the national income per capita as they got before the World War. Whether we take the 5 years before the World War or a longer period, this gives the same answer and that answer is that farmers in the United States in the year ending June 30, 1937, should have received from the sale of crops and livestock about a billion dollars more than they did. Until farmers do get the same share in the national income per capita as they obtained before the World War, I believe that leaders of farm organizations and Secretaries of Agriculture should endeavor to bring about such changes in the governmental rules of the game as will give the farmers that which they must have in order to make their effective contribution to the welfare of the Nation.

To me, such an objective represents parity income. If for administrative or legislative purposes it is necessary to use the concept of parity prices in order to get parity income, I am all for using parity prices. But if the parity price concept means reduced income for farmers and scarcity for consumers, I am in favor of trying to get parity income for farmers by some other device. Where there have been unusual changes in the consumption demand for a farm product or in the methods of producing it, the parity price concept, unless it is applied with judgment, can result in impaired rather than enhanced farm welfare.

It is easy for farmers to set their teeth in a parity price goal, just as it is easy for labor to set its teeth in the goal of higher wages per hour. But it is time for farmers to realize that their welfare depends on income and for laboring men to realize that their welfare depends on wages per year. Furthermore, it is high time for both agriculture and labor to realize that the national goal must be increased abundance and a higher standard of living for both farmer and consumer. The highest prices per bushel and the highest wages per hour will ultimately lead to serious disappointment unless they result in increased balanced abundance and higher standards of living for all the people. Farmers want a fair share of the national income, not merely in terms of dollars but in terms of goods and satisfactions in life. In striving for that share they want to cooperate with the other classes so that the total volume of goods to be divided will be increased.

World surpluses depress prices.—As I have indicated, for some groups parity of income may be attained through what we have been accustomed to call parity prices. This may be true, for example, of burley tobacco, which is sold on the domestic market. But for the producers of export commodities such as cotton and dark tobacco, the objective of parity prices may be incompatible with parity income. In the present state of world affairs, with so many

nations striving to be self-sufficient, parity prices cannot be obtained for export commodities in the market place unless the production is cut down to domestic requirements.

It is important for the producers, processors, and handlers of the export crops to realize that in the years immediately ahead there is practically no likelihood of parity prices for those crops which have any material surplus to put on the world market. We have an unusual problem therefore in our endeavor to get historic parity of income for producers of export crops. To some extent they may have to cut down their acreage to offset the loss in the foreign market. To some extent they must learn to grow other cash crops. But in so doing there must be taken into account the likelihood that such a move will cause trouble to the old established producers of such crops. To some extent the problem can be handled by adjustment payments financed either out of the Treasury or by means of a processing tax. No matter which way the adjustment payment may be financed, it is imperative that it be looked upon as the farmer's tariff. Farmers on the export market have seen the purchasing power for their exports destroyed by the tariff. It is imperative, as long as the people of the United States stand for high tariffs, that the farmers on the export market fight for their equivalent in the form of crop or price adjustment payments.

In the case of the commodities sold on the domestic market it may be possible to develop satisfactory programs through a combination of soil conservation and production adjustment. A conservation program is needed for the producers of all commodities, because it helps to give them greater efficiency in production and because it saves the Nation's soil resources for the use of later generations. Production adjustment programs will be most needed for the producers of those commodities for which the agricultural plant is most greatly overexpanded.

Ever-normal granary needed.—In keeping with the balanced abundance and parity income concept, it will be necessary in the case of some commodities, such as corn and certain types of wheat, to provide for larger increases in the year to year carry-over, in order that there may be an ever-normal granary of such commodities. For such commodities, in order to get parity income, it will be necessary to use price supporting loans more often. For such commodities, marketing quotas will be used only when supplies are greatly in excess of normal, perhaps only in times of great emergency.

For export commodities, such as cotton, price supporting loans may not be advisable except in times of great emergency. For such commodities, supplementary payments may be the only means of getting anything near parity income.

The important thing for farmers to remember is that farm solidarity may be most effectively attained if the program that is drawn up really fits the peculiar problems of the different groups.

But, as you know, solidarity is not always easy to achieve. Sometimes the business and professional people in the towns, many of which are really service stations for the country, show a woeful lack of understanding of needs of farmers and of their own dependence on the welfare of farmers. In developing farm solidarity, it is important that you convert the businessman and the professional man in the nearest town to your point of view. A fair share for farmers in the national income and the maintenance of soil fertility

will do more to increase the profits of your local businessman than anything else which can happen to him. He should be taking his advice from you rather than from those bitter critics of the farm programs who radiate out from some of the larger cities. Yes; the farmers and the small business men should present a united front.

Sometimes, through their representatives in the smaller cities and towns, interests that for selfish reasons would like to see the farmers' solidarity broken down circulate reports to the effect that farmers in some other part of the country are getting larger payments than they are. These reports, when passed from one farmer to another, often become grossly exaggerated.

Farmers should demand facts.—When such reports reach farmers, they should do two things: First, get the true facts; second, ask themselves if the objective of the program is payments or if it is income. I have always stood for the most equitable division possible of funds appropriated by Congress, responsibility for the expenditures of which has been placed in my hands. But I cannot agree that the distribution of these payments is the measure of the success of the farm program. Whether or not the farm program is equitable should be judged by whether the income of the various regions is equitable.

The historic per capita share of these regions in our agricultural income has varied largely with the average size of the farm and the fertility of the soil. In those areas, as for example in the mountains where farms are very small and the soil is poor, there is absolutely no way of putting into the hands of the average farmer as much income as in those regions where the farms are large and the soil is rich. In working out our national farm programs, therefore, it is essential that we keep in mind, as we try to discover what is fair between the regions, the past situation. But in so doing we are exceedingly anxious to make it possible for those areas where the per capita earnings have been low to earn more. At the same time we do not want to encourage inefficient farming, or the continuance of farming on such small farms or such poor farms that the children have no chance.

In considering this problem of a fair share in Federal agricultural benefits, it is important that we all pull together. It is only as we pull together that we can continue with a national farm program. It is only as we all pull together that we can get a fair share in the national income and at the same time improve our soil fertility. If we do get a fair share in the national income for agriculture as a whole, I am confident that even though absolute justice is not attained as between regions or individuals, nevertheless all farmers, whether sharecroppers, farm hands, owner occupants or landlords, will be better off.

And now one final word about farm solidarity. Let us not forget that solidarity of any group—whether it is solidarity of farmers, of labor, of businessmen, or of housewives—cannot long stand up unless it helps to bring security and balanced abundance for all the people and is in keeping with the general welfare.

Those are the great objectives which our President has sought through 4 of the most soul-trying years this Nation has seen. Those are the great objectives which he seeks today. I know that, with him, you will fight on.